

Employee Survey:

Statewide Report

Prepared by the Department of Human Resource Management

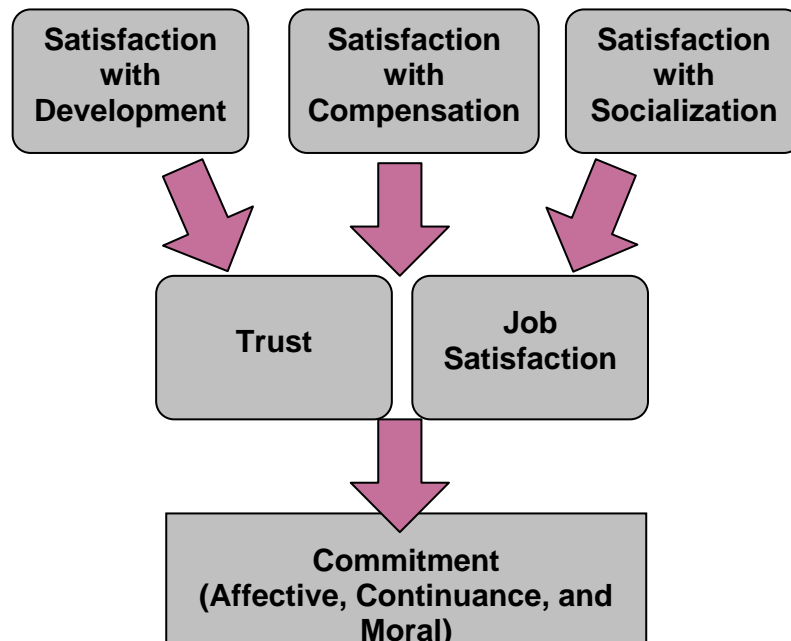
Part I Summary

Part I of the employee survey was designed to measure employee commitment within state government, as well determine what factors influence commitment. A stratified random sample was used to select non-managerial and managerial employees from each state agency. Only employees in the “core” workforce were included. The core is defined as the permanent and long term employees of the executive branch. This group consists of all career service employees (schedule B) and select non-career service employees in top level management and professional positions (schedules AD, AR, AS, and AT).

We received a total of 1451 responses for an overall response rate of 52%. There were 537 surveys received from managerial employees, and 914 from non-managerial employees. Gender and age of survey responses were consistent with the statewide demographics, indicating a representative sample. Females consisted 49.8% of the sample and males consisted 47%, with 3.2% not reporting gender. The average age of the sample was 46.3, which is slightly higher than the average age of the state core workforce, but this can be explained by the fact that we oversampled managerial employees to obtain enough responses for the separate analysis.

The analysis of the part I data consisted of two steps. First we performed separate analyses on the responses to the managerial and employee surveys to determine the underlying factors. Both the managerial and employee survey results demonstrated the same eight factors: development, trust, socialization, job satisfaction, trust, and three factors of commitment- affective commitment, continuance commitment, and moral commitment.

In the next step, we analyzed each sample separately using advanced statistical techniques to identify the relationships between the factors. Each sample was analyzed separately, but the models that best fit each sample had the same basic structure. The model shows each of the three commitment factors as the outcome variables, and the other factors directly or indirectly having an influence on each of the commitment factors.



Job satisfaction and trust had the most direct influence on each dimension of commitment, with the strongest effects on the affective and moral commitment factors. The three precursors to job satisfaction and trust were development, socialization, and compensation. Each of these factors has a unique and direct effect on job satisfaction and trust. One of the more interesting findings is that ultimately the development and socialization factors seem to have more influence overall than the compensation factor. While compensation remains an important factor affecting commitment, the results imply that additional time and attention should be placed on development and socialization in order to ultimately increase the level of commitment among state government employees.

The three commitment factors help to define and explain what it means to be committed to an organization. The first commitment factor, affective commitment, is concerned with the level of positive emotional attachment to an organization. An employee with high affective commitment identifies with the goals of the organization and has a strong desire to be part of the organization.

The next factor, continuance commitment, involves the cost of leaving the organization, both economic and social, and whether there are available alternative opportunities. An employee who has high continuance commitment would have a lot to lose by leaving the organization (like pension accruals, sick leave benefits, friendships with associates) and would remain part of the organization because the costs of leaving would be too high.

The last factor, moral commitment (also referred to as normative commitment), reflects feelings of obligation to the organization. Employees with high moral commitment may be committed to the organization because they feel that they owe it to the organization to stay. This obligation may originate from receiving benefits such as training or educational assistance, or it may involve internal beliefs and feelings such as the belief that one should stay loyal to one's organization.

Each of these three commitment factors interact and can affect the overall commitment of an individual. An employee's level of commitment can affect job performance, absenteeism, and can influence the likelihood of the employee staying with the organization.

Policy Implications of the Part I results

Development also has a statistically significant and indirect relationship with both affective and moral commitment primarily by influencing job satisfaction and trust. The implication of this finding puts a premium on both management and employee development programs in state government. While the development initiatives such as the leadership institute that are currently being worked on provide a useful start, there is need to expand the program, particularly with respect to the design and development of a performance management system and the establishment of a system of succession planning for managerial employees.

The study shows that socialization tactics have a statistically significant and direct causative relationship with job satisfaction and trust for both groups of employees and statistically significant indirect and causative relationship with affective and moral commitment. Thus, it is apparent that there is urgent need for state government as an organization to design development and implement socialization programs for all levels of employees, especially initiatives such as realistic job previews (RJP's), management and employee induction training, on-the-job training for new employees, and other socialization tactics that will serve to integrate the interests of employees with the interests of the organization.

The statistics indicate very clearly that emphasis should be placed on enhancing job satisfaction for all levels of employees. Job satisfaction has the strongest and most direct effect on each factor of commitment. This situation requires positive steps to devise, implement and evaluate various programs of job satisfaction, including development, socialization and compensation programs. The compensation program does not have to focus primarily on monetary rewards. On the contrary, it should emphasize nonmonetary rewards such as recognition programs.

Trust building and the maintenance of high trust levels seem to occupy a very prominent place in the survey results of both groups. Trust has a significant and direct impact on commitment in employees. Trust building and the maintenance of high trust levels in any organization are highly complex processes. Additionally, trust is a delicate organizational phenomenon and as a result, it can be destroyed quite easily where employees perceive negative environmental interventions.

Part II Summary

Part II of the employee survey explored employee responses to a variety of issues relating to retirement plans, benefits, and the merit system. The part II measures give some insight into the factors involved for an employee considering the costs and benefits of changing to a different employer.

Generational Profiles

In analyzing the results of part II, there was a clear generational difference in opinions and preferences in responses to some of the survey questions. In accordance with recent research articles examining differences in age generations in the workforce, we categorized the employee sample into four broad generational groups. Each generation has a different perspective on what they expect and want from an employer, examining these preferences can enable us to create strategies and policies to attract and retain state workers.

Stefaniak and Vetter (2007) give an overview of the generational groups; Matures, Boomers, Generation X and Generation Y. Each of the groups has a unique perspective on what is important to them in the workplace and may have different values and priorities.

Matures include individuals born 1909-1945, the majority of which are in or nearing retirement and make up about 5.1% of the core workforce. Matures are more likely to have stayed in the same organization for most of their working lives. They view authority and institutional leadership as being based on seniority and tenure.

The Boomers are individuals born 1946-1964, and are the group that comprise the majority of the state's core workforce, about 50%, and are rapidly approaching retirement. Boomers tend to have a strong work ethic and work hard for success, often putting in extra hours to get the job done.

Generation X, born 1965-1978, comprise about 35% of the state's core workforce. This generation in general feels less loyalty to the larger organization, with loyalties placed more on immediate managers and supervisors. They tend to be more self-reliant and independent. There is a greater focus on work/life balance, with a desire to have more flexible working schedules.

The youngest generation, Generation Y, was born 1979-2000 and constitutes the emerging workforce making up about 10% of the state's core workforce. This generation tends to be ambitious and individualistic, and highly mobile, with a higher likelihood of changing employers over the span of their career. Like generation X, there is greater emphasis on flexible schedules and a higher value on having a work- life balance.

The differences in the generational groups are an indication that different strategies may be necessary to address the priorities and values of these groups, and that a one size fits all strategy may be insufficient to satisfy the differing needs.

Retention

In examining the retention history of new hires with the state, we have found that approximately 50% of new hires leave the state within five years. The largest percentage of non-retirement terminations occurs in the youngest generations, Gen X and Gen Y. In addition, our examination of retirement projections indicates that a retirement bubble is

currently upon us with the coming retirements of the Boomer generation, and we estimate a steady increase in retirements over the next 5 years. The difficulty in retaining new employees combined with the increasing retirements makes retention an important consideration in workforce planning. Understanding the underlying reasons for the turnover will give insight into policies that may improve retention rates for state employees.

One of the part II measures was the likelihood of changing employers before retirement. The factors that best predict whether an employee will change employers are continuance commitment, age, years of service, and job satisfaction. These four factors explain a great deal of the variance in the likelihood of changing employers (41% in managers and 38% in non-managers), meaning that the four factors combined have a sizable impact on the likelihood of changing employees. Each of these factors plays an important part in understanding and informing policy. As the antecedents of Job Satisfaction have been explored in the part I survey discussion, the focus of this summary will be the other three factors, continuance commitment, age and years of service, and how these relate to retention.

Continuance commitment

Continuance commitment deals with a variety of economic cost benefits decisions by the employee. The measures in our part II capture some elements of the continuance commitment in terms of the importance that employees place on benefits they receive.

- Both health insurance and the retirement plan were rated as very important for retention, on a scale of 1-3, the retirement plan was rated with an importance of 2.75 and the health benefits was rated with an importance of 2.83.
- Other elements that appear to be related to the continuance commitment include the importance of career development opportunities, the ability to grieve a termination, and the importance of guaranteed lifetime payments with a retirement plan.
- Other elements outside of the scope of this research that may influence continuance commitment would include the scarcity/availability of alternatives, prevailing economic conditions in the area, and the market demand for different positions.

Retirement

Age and years of service of employees impact the likelihood of an employee changing employers before retirement. While this can be attributed to an extent to the “golden handcuffs” of the retirement plan, there are other factors that have an impact and it becomes useful to examine generational differences in order understand the various priorities and preferences.

Recent articles have examined differences in generations in terms of retirement plan preferences and strategies to attract younger employers. Portability in retirement plans in general is much more important to the youngest generation. The traditional defined benefit plans are not as attractive to the Generation X and Y age groups as a majority of them will work three to four different jobs before the reach age 40; traditional retirement from the public sector may not be an employment objective (Stefaniak and Vetter, 2007, McVey and McVey, 2005). Generation Y is estimated to switch jobs over the course of their career more than any other generation before them (Rothberg, 2007).

Our survey results show that the importance of the retirement plan for retention is high across all age and years of service groups, which may indicate that even the younger groups do have an appreciation for the current plan. The relative importance does increase as age and years of service increase.

In terms of retirement plan preferences, the survey showed that in general the younger age groups tend to prefer greater portability and more control over decisions relating to the investment of their retirement money. There was a high desirability across all age groups for the guaranteed lifetime payments, with the importance increasing as years of service increase.

Health Benefits

The current health benefits offered by the state were very important to the survey respondents across all age generations. Over 85% of respondents rated the health insurance as either their first or second most important benefit offered by the state. In all of the demographic categories that were measured, the health benefits came out as very important at the time of hire, and had even higher importance for retention. Surprisingly, the youngest age group, Generation Y (<28) rated the importance of health benefits at hire higher than any other generational group, but there were no significant differences among the age groups for the importance of health care for retention.

Other Benefits

In Part I of the survey, the development factor emerged as being important for increasing job satisfaction and trust, ultimately impacting commitment. As a part II measure, the importance of career development opportunities was rated very highly with an average score of 4.13 on a 5 point scale. The importance was even higher for the younger age groups as well as with those with lower years of service, and the importance decreased as age and years of service increased.

Research indicates that leave time and flexibility are much more important to the younger age groups, who are more interested than the older age groups in being rewarded with time off to enjoy their lives (Stefaniak and Vetter, 2007), and have a greater desire for flexibility in their jobs compared to the older generations (Rotheberg, 2007).

Our survey results confirm this trend, showing that Administrative leave for exceptional performance emerged as being much more important for the youngest age group compared with the older age groups, with an average score of 4.13 on a scale of 1-5 for Generation Y compared to 3.64 for Generation X and 3.49 for the Boomer, and 3.29 for Matures.

Conclusions

Trends that have emerged from the part II survey show that both the health care and retirement benefits are very important for state employees and serve as important retention tools. Health benefits are very important across the board, whereas the retirement benefits become more important as employees get older and gain years of experience with the state. There is a trend of younger employees desiring more options in managing their retirement, including more portability. Providing these options may serve as a recruitment tool for the younger age groups but it is not clear whether these options would be an effective retention tool for employees.

For the youngest age groups, who are also the most difficult to retain, a profile emerges where elements such as career development opportunities, policies for stable work hours, and administrative leave stand out as priorities that may not be as important to the older age groups. Developing policies and strategies to appeal to the younger age groups may help to increase the likelihood of those employees remaining with the state.

Part II Results

Part II of the employee survey examined current issues that may potentially impact the state workforce and looked at the relative importance for various benefits, and the importance of the elements of the career service system.

Retirement

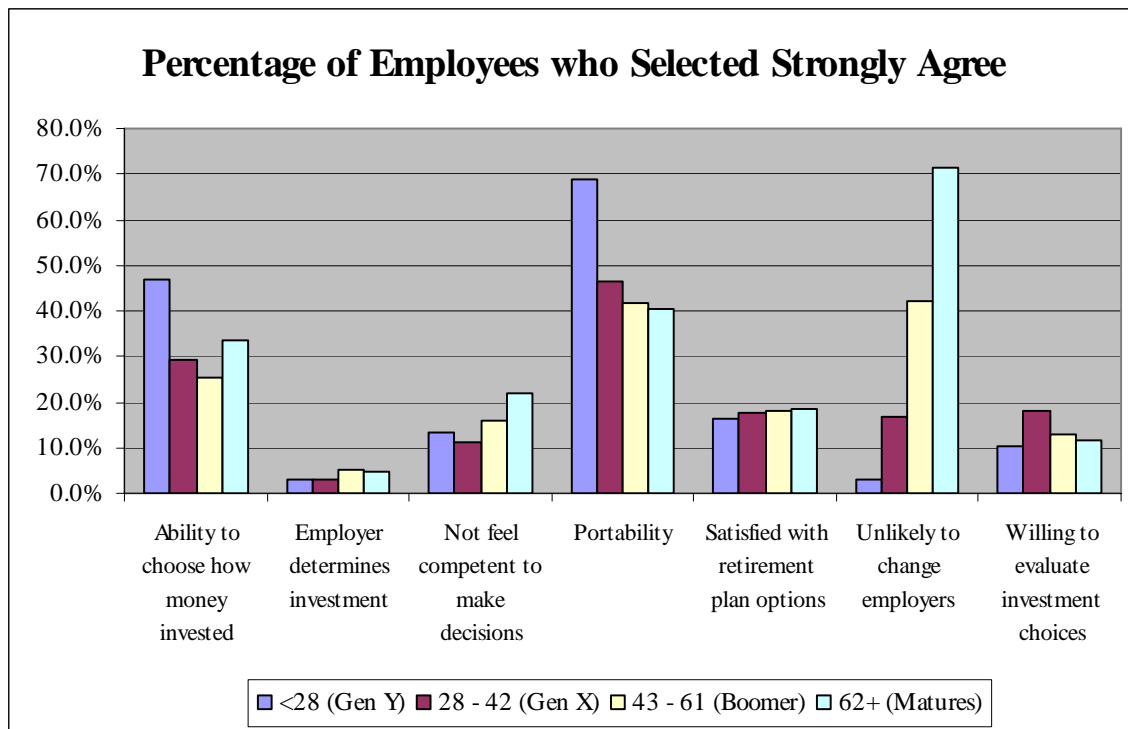
The retirement benefits are a critical piece of the state's compensation system. We asked a series of questions regarding the current retirement plan, as well as some questions about preferences regarding retirement plans in general. The questions were meant to give an initial idea of attitudes about retirement plans and to see where differences may occur.

- The importance of the retirement plan for retention was high across all measured demographic groups, with an overall score of 2.75 on a scale of 1-3, and a trend of increasing importance as employees get older and increase years of service.
- The importance of the retirement plan for retention (2.75) was higher than the importance of retirement plan at hire (2.40), although both are above the midpoint on the scale (scale of 1-3)
- 68.6% of employees plan on having sources of income at retirement other than the retirement plan offered by their employer and Social Security.
- Overall satisfaction with the retirement plans offered is 3.55 on a 5 point scale.
- Scores indicate that there may not be a strong desire for state employees to evaluate and invest their own retirement savings.
 - The score reported for willingness to evaluate investment choices was 3.24 on a 5 point scale.
 - The self reported feeling of competency to invest retirement savings was 3.13, on a 5 point scale
- The overall response for the importance of portability was 4.05; however there was variability with age and years of service. There is a tendency for employees who are younger and have fewer years of service to prefer having portability in their plan.

Question	Scale	Statewide Average	<28 (Gen Y)	28 - 42 (Gen X)	43 - 61 (Boomer)	62+ (Matures)
Knowledgeable with pension	1-3	2.07	1.75	2.00	2.13	2.17
Knowledgeable with 401k	1-3	2.20	1.85	2.19	2.23	2.30
Importance of retirement plan at hire	1-3	2.40	2.26	2.38	2.43	2.34
Importance of retirement plan to retain	1-3	2.75	2.41	2.71	2.81	2.72
Satisfied with retirement plan options	1-5	3.54	3.69	3.53	3.52	3.63
Willing to evaluate investment choices	1-5	3.24	3.38	3.35	3.18	3.06
Not feel competent to make decisions	1-5	3.13	3.13	3.00	3.19	3.39
Unlikely to change employers	1-5	3.69	2.19	3.22	4.02	4.57
Portability	1-5	4.06	4.55	4.18	3.96	3.84
Ability to choose how money invested	1-5	3.82	4.28	3.84	3.77	3.84
Guaranteed lifetime payments	1-5	4.69	4.75	4.66	4.70	4.73
Employer determines investment	1-5	2.69	2.40	2.55	2.78	2.91

Generational Differences in Retirement

- When examining the generational differences, differences occur in age groups in desire for portability, and the desire to choose how money is invested with a higher percentage younger employees selecting strongly agree.
- There were minor differences in the feeling of competency to make decisions and in the willingness to evaluate investment choices, but overall there was a large percentage of employees who indicated they strongly agreed in the importance of either of these questions.



Health and other Benefits

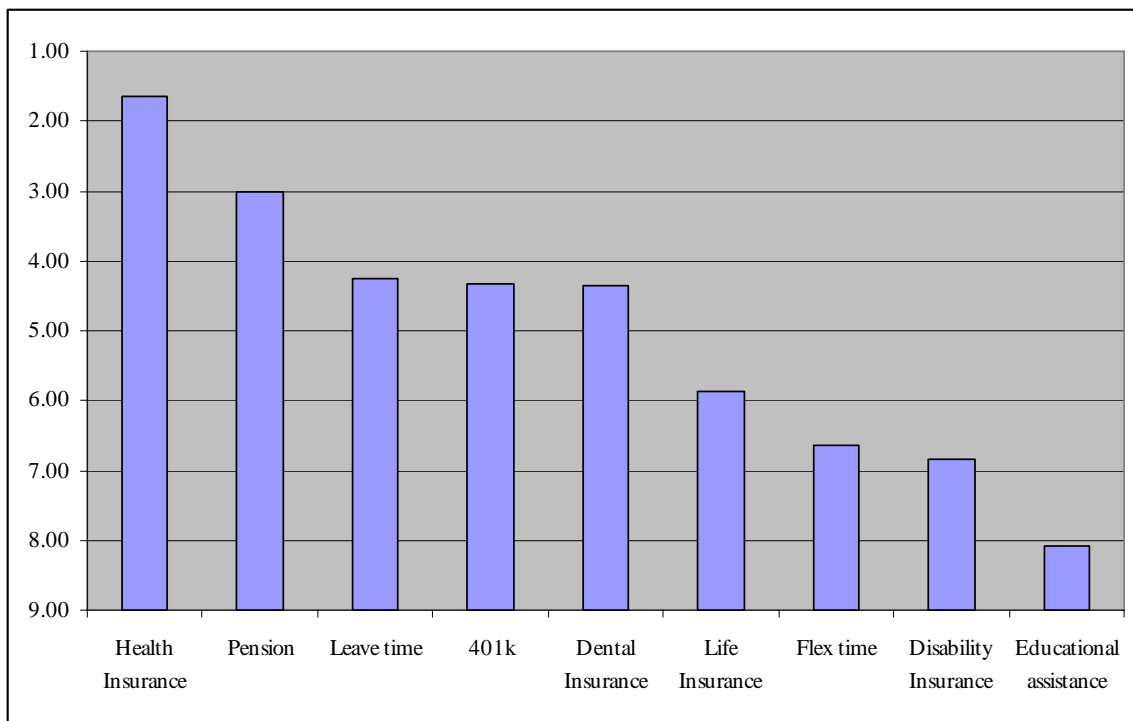
In this section, we asked a series of questions regarding current health benefits, development, recognition, and the importance of potential benefits that are not currently offered by the state. The questions regarding the potential benefits are general in nature, and are meant to give an initial view of employee attitudes. Further research may be necessary to follow up on the general questions.

- The importance of the health benefits at hire and to retain were very high across all groups. Overall the importance of the health benefits at hire was rated at 2.67 and to retain was 2.83 on a 3 point scale.
- The importance of career development opportunities was rated at 4.13 on a 5 point scale, with a trend of being more important for younger employees and employees with fewer years of experience.
- The overall importance of having the option to waive benefits for higher salary was below the midpoint (2.77 on a 5 point scale) with no strong differences among demographic groups.
- The overall importance of Administrative leave for exceptional performance was 3.56 on a 5 point scale, with a trend showing it most important for younger employees and employees with fewer years of experience, with importance decreasing as age and years of experience increase.
- Elder care assistance had higher importance ratings than child care assistance (2.84 elder care vs. 2.14 child care) although both were below the midpoint of the scale.

Question	Scale	Statewide Average	<28 (Gen Y)	28 - 42 (Gen X)	43 - 61 (Boomer)	62+ (Matures)
Importance of health benefits at hire	1-3	2.67	2.88	2.65	2.68	2.59
Importance of health benefits to retain	1-3	2.83	2.82	2.80	2.85	2.79
Career development opportunities	1-5	4.14	4.46	4.33	4.03	3.72
Immediate recognition for performance	1-5	3.72	3.88	3.80	3.68	3.52
Admin leave for exceptional performance	1-5	3.56	4.13	3.65	3.48	3.31
Elder care assistance	1-5	2.84	2.43	2.69	2.94	3.03
Child care assistance	1-5	2.15	3.22	2.68	1.79	1.48
Waive benefits for salary	1-5	2.77	3.01	2.90	2.67	2.71

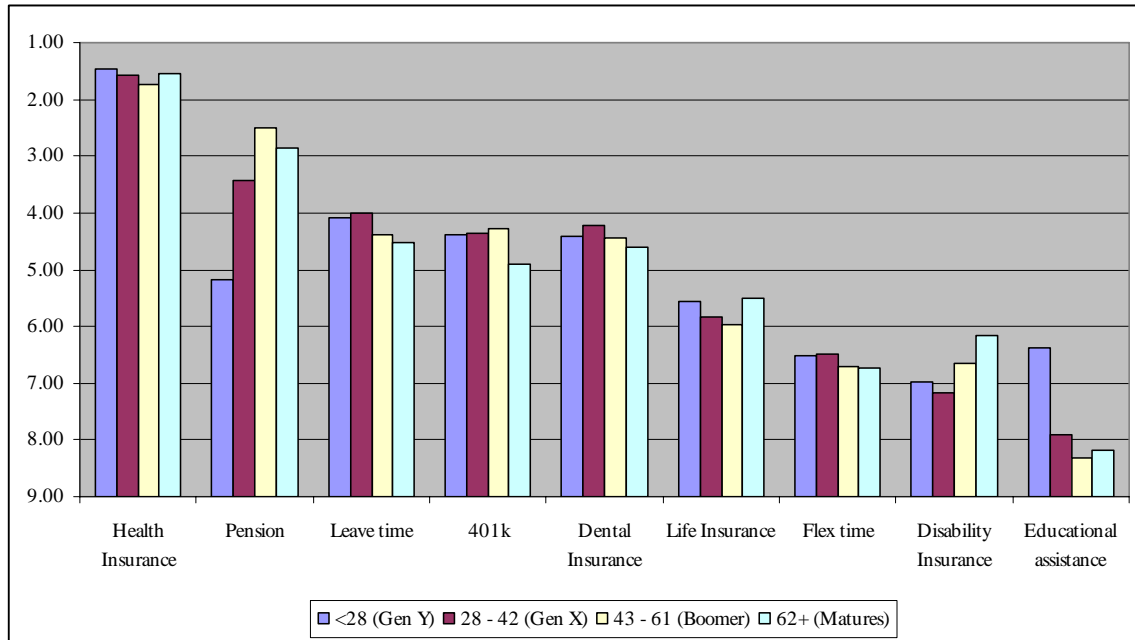
Average Ranking of Importance of Benefits

Employees were asked to rank the importance of the following benefits in importance from 1 being most important to 9 being least important. The health insurance across the board was ranked as the most important benefit, with 85% of respondents ranking it as either their first or second most important benefit. The pension plan had the second highest average ranking, while the next three, leave time, 401k, and dental insurance were basically equivalent. The life insurance, flex time, disability insurance, and educational assistance were ranked lower.



Generational Rankings of Benefits

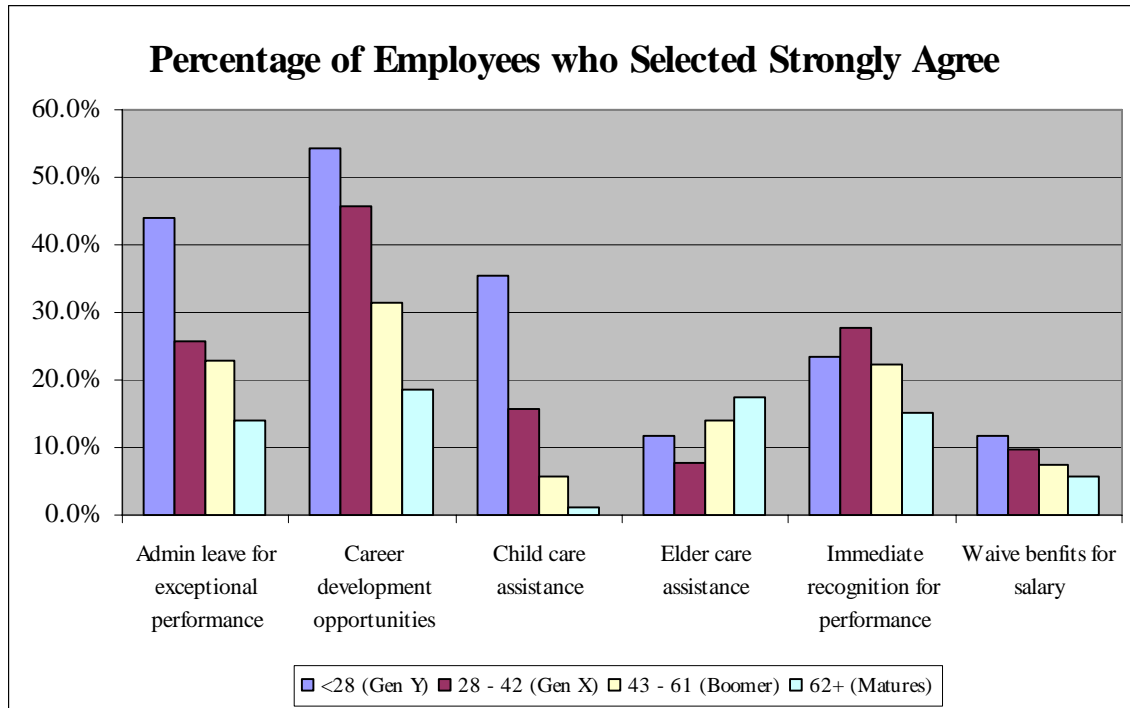
While many of the differences in the rank ordering of benefits are self-evident (pension more important for older employees, educational assistance more important for younger), one of the unexpected results was that the youngest age group actually had the highest average ranking for health insurance, although the difference compared to the other groups is very small.



Other benefits

Significant differences emerge when examining the relative importance of current and potential benefits. The following chart shows where there was convergence and divergence in attitudes toward other benefits that may or may not currently be available.

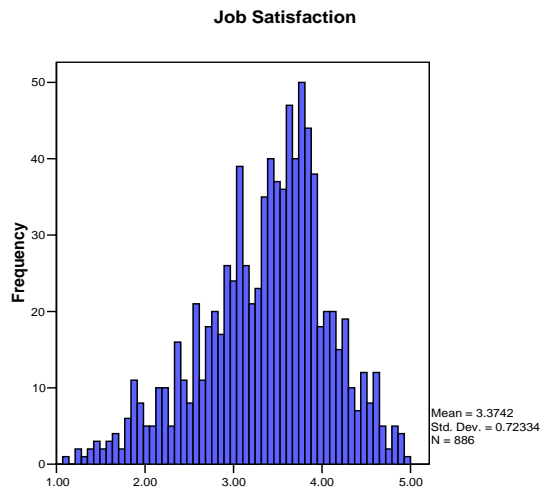
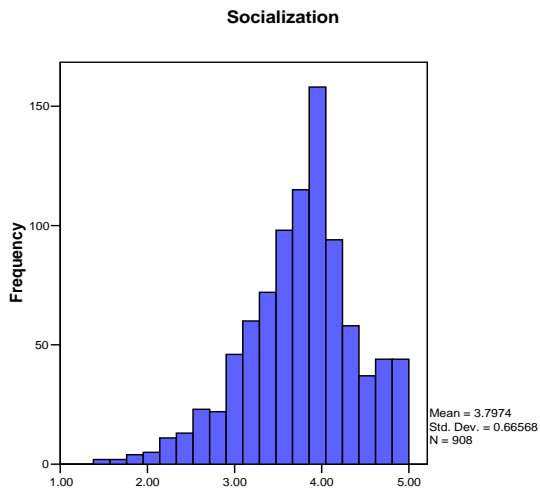
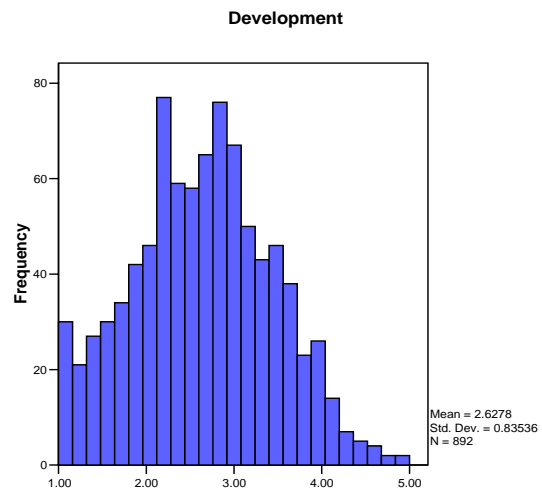
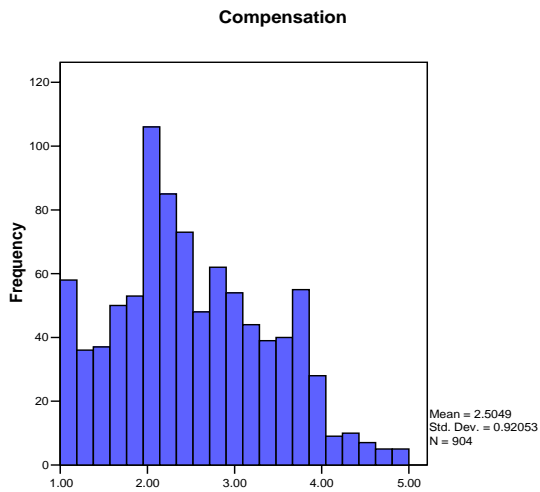
- Administrative leave and career development opportunities had the highest percentage of generation Y employees with “Strongly Agree” responses, with over 50% of generation Y indicating that career development opportunities were of high importance.



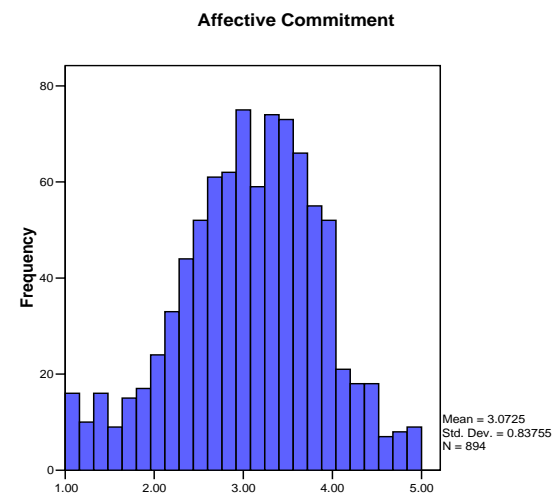
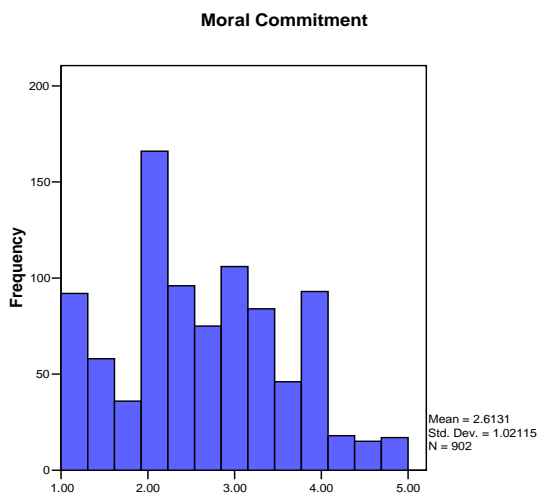
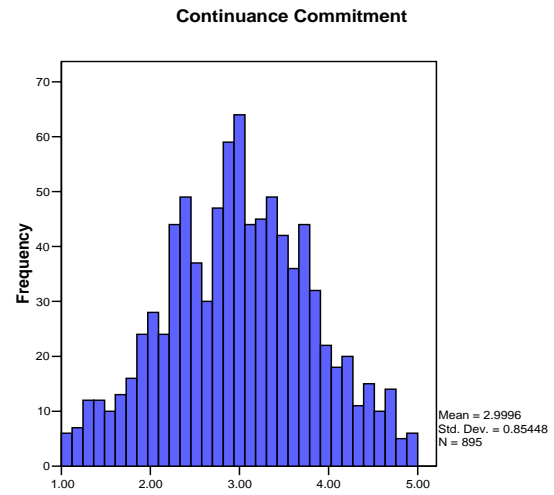
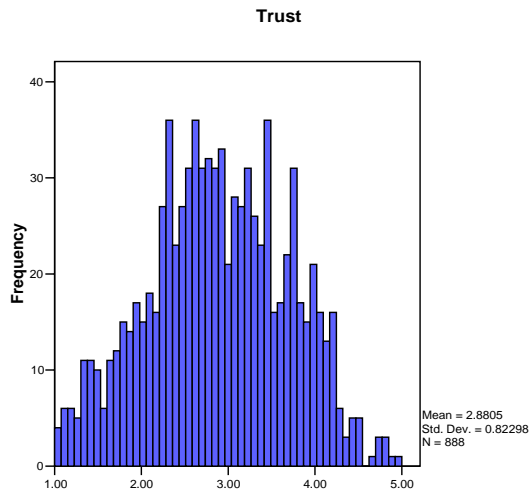
Appendix:
Factor Distributions for Managerial and Non-managerial Employees
Part I

The following charts show the statewide score distributions for each of the factors in our model.

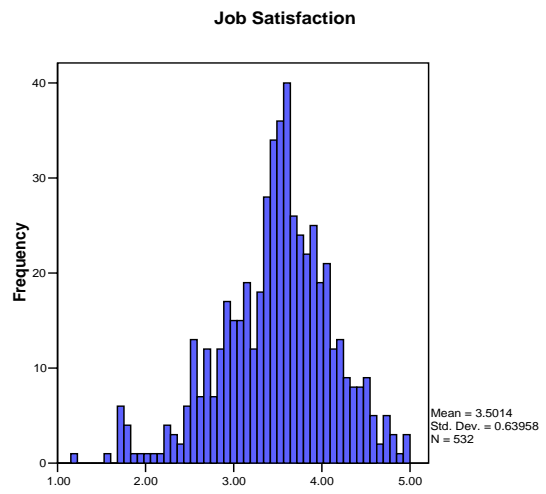
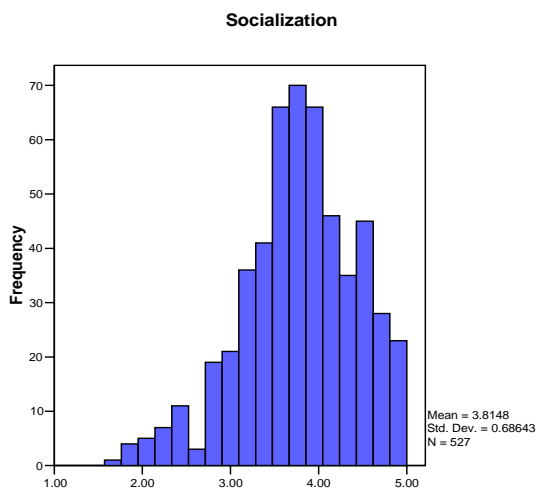
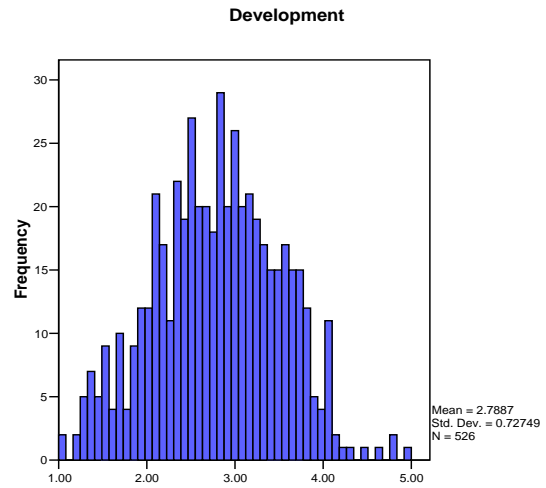
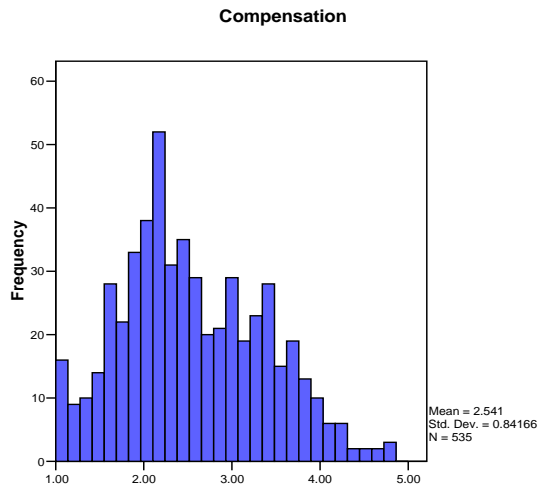
Non-Managerial Employees



Non-Manual Employees

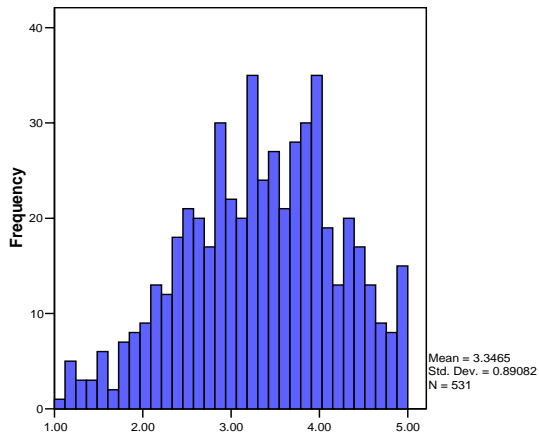


Managerial Employees

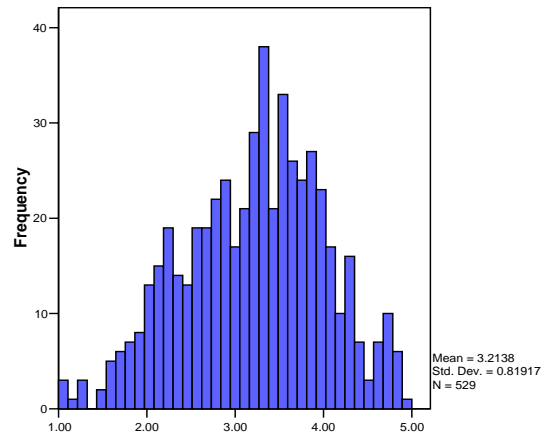


Managerial Employees

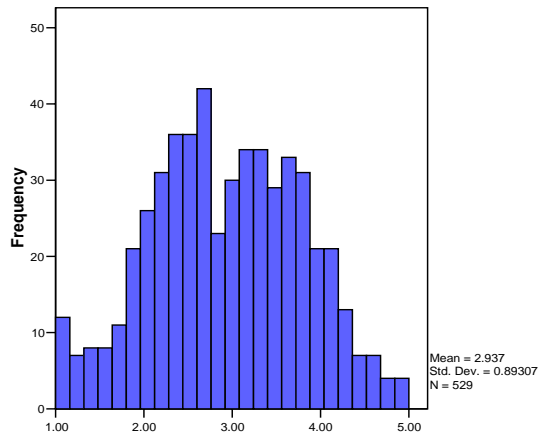
Trust



Continuance Commitment



Moral Commitment



Affective Commitment

